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ABSTRACT

A study examined the types of communication technologies being used by United States-based corporations with operations in Mexico to determine the challenges these companies face when communicating across the border. A total of 703 U.S. corporations doing business with Mexico (culled from lists in two professional directories) were chosen for the study. Of these, 100 agreed to participate and were surveyed by mail; 67 firms answered the survey. Questions were asked about plant facilities, years of operation in Mexico, number of employees, production percentages in both countries, expansion plans, communication technology, and problems with communication. The questions about communication centered on the percentage of communication carried on in English and Spanish and how often the organization experienced communication problems because of language difficulties. Forty of the firms (60 percent) indicated that at least 90% of the communication between the United States and Mexico was conducted in English. No relationship was found between the percentage of communication done in Spanish and communication problems. Fourteen companies (21 percent) listed problems, however, with telephone communication. The communication technology most often used by companies surveyed was fax, followed by phone, and then postal service. Possible solutions to communication problems might be training in communications systems or procedures for communication users, assignment of a person responsible for communication in the organization, and the development of communication standards. (Contains 14 representations of data transparencies.) (NKA)

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COMMUNICATION BETWEEN UNITED STATES-BASED FIRMS AND MEXICAN PRODUCTION FACILITIES

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Ypsilanti, Michigan

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In the mid 1960's Mexico developed its Maquiladora program which allowed foreign-owned production facilities within its borders. This program greatly increased the number of companies which have moved at least part of their manufacturing operations from the United States to Mexico. In addition, the North American Free Trade Agreement (NAFTA), passed in the fall of 1993, was expected to increase the movement of U.S. production facilities to Mexico.

Purpose of the Study

The purpose of this study was to determine the types of communication technologies being used by U.S.-based corporations with operations in Mexico and to determine the challenges these companies face when communicating across the border.

Methodology

The corporations listed as doing business with Mexico in the Directory of American Firms Operating in Foreign Countries (1991) and America's Corporate Families and International Affiliates (1993) were combined. A total of 703 corporations comprised the total population for this study. A Telephone Contact Record, containing the company name, address, and telephone number, was generated for each corporation.

In January and February of 1994, telephone contacts were made in random order to these corporations until 100 agreed to participate in the study. A copy of the survey instrument, cover letter, and a return envelope were mailed to the person who had indicated that he/she was able to answer questions concerning communication between U.S.-based headquarters and plants or facilities in Mexico. A total of 67 firms comprised the total respondents for this study.

Findings of the Study

Demographics

Number of Plants or Facilities. Transparency 1 shows the number of plants or facilities operated in Mexico by the respondents. Over one-half (55 percent) indicated that they operated only one facility in Mexico.

Years of Operation in Mexico. Transparency 2 shows the number of years that respondents indicated that they had been operating in Mexico. Over one third (36 percent) of the respondents indicated that they had been operating in Mexico between 10 and 19 years.

Number of Employees. Respondents were asked the approximate number of employees at both their Mexico and United States locations. Transparency 3 shows the results of this question. One third of the respondents indicated that they employed less than 100 employees in Mexico. Nearly one half (46 percent) indicated that they employed over 1,000 employees in the United States.

Percentage of Production. Transparency 4 shows the responses when respondents were asked the percentage of production in Mexico and United States locations. Sixty percent of the respondents indicated that over half of their company's production was done in the United States, and 45 percent indicated that less than 25 percent of their company's production was done in Mexico.

Plans for Expanding. Transparency 5 shows the number of companies and responses to the question, "Do you have plans for expanding your operations to Mexico?" Thirty-nine percent of the firms indicated that they had plans to expand their operations in Mexico, but an equal percentage indicated that they did not have plans to expand. This survey was taken shortly after the passage of NAFTA. Contrary to popular predictions, a large majority of companies have not decided to expand their operations in Mexico because of the passage of this legislation.

Communication

Communication Technology. Questions relating to communication technology were addressed in four categories: written, verbal, data, and other. Transparency 6 shows the number and percentage of the respondents using each type of technology for communicating between U.S. and Mexico locations.

Facsimile was the most widely used communication technology as indicated by nearly all of the respondents (94 percent). Telephone was the second most widely used. This indicates a need for more immediate communication of information between the

United States and Mexico locations. The postal service was used by only 61 percent of the respondents for communication between the two countries.

Problems with Communication. Respondents were asked the percentage of communication that occurred in Spanish and English. Forty (60 percent) of the firms indicated that at least 90 percent of the communication between the United States and Mexico was conducted in English.

Respondents were asked to indicated how often their organization experienced communication problems because of language difficulties. These responses fell into four categories: "often," "occasionally," "never," and "don't know." Transparency 9 shows the number and percentage of companies that indicated that problems with communication occurred because of language.

Using Chi square statistics, the percentage of the communication between Mexico and the United States that is done in English and the percentage done in Spanish were compared with the responses dealing with communication problems that occurred because of language. There was found to be no relationship between the percentage of communication done in Spanish and communication problems.

Transparency 10 compares the percentage of communication done in English with the number of respondents, as shown in the previous transparency, who indicated that they experienced problems with communication. As this table shows, there was a

significant relationship between these two variables. In order to eliminate the number of low frequency cells, percentage of English communication responses have been divided into two groups, "1-49 percent" and "50-100 percent. In addition, "don't know" and no responses have been removed from this table.

When respondents were asked to list other problems or difficulties experienced with communication between the United States and Mexico, 14 companies (21 percent) listed problems with telephone lines. (Transparencies 11 and 12)

Possible Solutions

Three possible solutions to these communications problems might be training for communication users, the assignment of a person responsible for communication in the organization, and the development of communication standards.

Training for Users. Respondents were asked the question: "Is training in communication systems or procedures available for users?" Transparency 7 shows the number and percentage of companies responding to this question.

Comparisons were made using Chi square statistics on the responses for this question. As Transparency 8 indicates, there is a significance difference between what respondents indicated that they offered in training for their Mexico users and for their U.S. users. "Don't know" responses were removed for this calculation in order to decrease the number of low frequency cells. This study clearly indicates more companies offer

training in communication systems or procedures for their U.S. users than for their Mexican users.

Personnel Responsible for Communication. Respondents were asked to give the title of the person in their company responsible for the supervision of communication between the United States and Mexico. Those who indicated that no one held this responsibility are included with "No Title Given" in Transparency 13. More companies should assign the responsibility of communication to an individual who would be in a position to analyze the most effective ways to communicate between U.S. and Mexico locations.

Communication Standards. Respondents were asked if their firms had standards for communication in their firms. Transparency 14 shows the number and percentage of the firms responding to this question. When respondents who indicated that they had communication standards were asked what the communication standards addressed, their responses included use of hardware or software, type of message, type of access, time spent on message, and language used. Only a small percentage of the respondents (less than 27 percent) indicated that they employed standards for the communication between the two countries. Communication standards could be developed which would address the language of communication as well as other aspects of communication.

In conclusion, a large number of United States companies are currently operating in Mexico and many more anticipate expanding

operations to that country. Communication between the U.S. and Mexican locations will continue to be a necessary part of doing business. In order to improve this communication, a number of changes will need to be made. Increased training in communication systems and procedures, the designation of an individual responsible for the supervision of communication between the U.S. and Mexico, and the development of communication standards are among a few suggestions that might have an impact.

Transparency 1

Question: Number of plants or facilities operated in Mexico (please indicate number or state Don't Know):

NUMBER OF PLANTS OR FACILITIES OPERATED IN MEXICO

Number of Plants	Number of Companies	Total Plants
1	37	37
2	16	32
3	7	21
4	1	4
5	1	5
6	0	0
7	1	7
8	0	0
9	1	9
10	1	10
No response	2	0
Total Plants		125

Transparency 2

Question: Number of years operating in Mexico:

YEARS OF OPERATION IN MEXICO

Number of Years	Number of Companies Operating in Mexico
1 - 9 years	14
10 - 19	25
20 - 29	10
30 - 39	10
40 or more	6
No response or zero	2
Total Companies	67

Transparency 3

Questions: Approximate number of employees employed in your Mexican facility(ies):

Approximate number of employees employed in your U.S. facility(ies):

NUMBER OF EMPLOYEES

Number of Employees	Mexico: Number of Companies	United States: Number of Companies
Less than 100	22	4
100-250	14	5
251-500	10	6
501-1,000	8	7
Over 1,000	6	31
Don't Know	1	1
Unable to Give Answer	3	4
No Response	3	9
Totals	67	67

Transparency 4

Questions: Approximate percentage of production done in Mexico:

Approximate percentage of production done in the United States:

PERCENTAGE OF PRODUCTION

Percentage	Mexico --Number of Companies	United States --Number of Companies
0%	1	0
Less than 10%	18	1
10-24%	12	3
25-50%	8	8
51-100%	6	40
No Response	22	15
Total	67	67

Transparency 5

Question: Do you have plans for expanding your operations to Mexico?

PLANS FOR EXPANDING TO MEXICO

Response	Number of Companies
Yes	26
No	26
Don't Know	12
Cannot Give	1
No Response	2
Total	67

Transparency 6

Question: Please estimate the percentage of each type of communication between U.S. facility(ies) and your Mexico facility(ies):

VARIETY OF COMMUNICATION USED

Variety of Communication Technology	Number of Companies Using	Percentage of Total Companies
Written		
Fax	63	94.0 percent
Postal Service	41	61.2 percent
Electronic Mail	29	43.3 percent
Telex	10	14.9 percent
Other	6	9.0 percent
Verbal		
Telephone	61	91.0 percent
Other	9	13.4 percent
Data		
Computer	31	46.3 percent
Postal Service	4	6.0 percent
Other	1	1.5 percent
Other	2	3.0 percent

Transparency 7

Questions: Is training in communication systems or procedures available for users in the U.S.?

Is training in communication systems or procedures available for users in Mexico?

TRAINING AVAILABLE FOR COMMUNICATION USERS

Response	For Users in the United States		For Users in Mexico	
	Number of Companies	Percentage of Total Companies	Number of Companies	Percentage of Total Companies
Yes	53	79.1 percent	38	56.7 percent
No	8	11.9 percent	10	14.9 percent
Don't Know	6	9.0 percent	19	28.4 percent
Total	67	100.0 percent	67	100.0 percent

Transparency 8

COMPARISON OF TRAINING AVAILABLE FOR U.S. AND MEXICO COMMUNICATION USERS

United States Users	Mexico Users				Totals
	Yes		No		
	Actual	Expected	Actual	Expected	
Yes	35	32.1	6	8.9	41 (89%)
No	1	3.9	4	1.1	5 (11%)
Totals	36 (78%)		10 (22%)		46 (100%)

Calculated Chi Square= 11.01 1 degree of freedom
3.84 = Confidence Level of 95 Percent ($p<.05$)

Transparency 9

Question: Please indicate how often your organization experiences communication problems because of language difficulties.

PROBLEMS WITH COMMUNICATION
BECAUSE OF LANGUAGE

Response	Number of Companies	Percentage of Total Companies
Often	11	16.4 percent
Occasionally	36	53.7 percent
Never	19	28.4 percent
Don't Know	1	1.5 percent
Totals	67	100.0 percent

Transparency 10

COMPARISON BETWEEN AMOUNT OF ENGLISH LANGUAGE USED IN COMMUNICATION AND PROBLEMS WITH COMMUNICATION BECAUSE OF LANGUAGE

Percentage of English Communication	Problems with Communication Because of Language						Totals
	Often		Occasionally		Never		
	Actual	Expected	Actual	Expected	Actual	Expected	
1- 49	3	1.0	3	3.4	0	1.7	6 (9%)
50-100	8	10.0	33	32.7	19	17.3	60 (91%)
Totals	11 (17%)		36 (54%)		19 (29%)		66 (100%)

Calculated Chi Square= 6.32 2 degrees of freedom
5.99 = Confidence Level of 95 Percent ($p<.05$)

Other Problems or Difficulties Experienced With Communications Between United States and Mexico

Problems with Phone Lines--14 companies (20.9 percent)

Delays in obtaining and installing new phone lines
Inability to access Telenet "cloud" to dial to corporate databases
Communications, particularly telecommunications, remains unreliable. The quality varies dramatically from call to call and it is sometimes impossible to complete the call.
Phone lines (2)
Poor lines (2)
Experienced problems with phone lines today with trying to reach the plant
Occasionally phone lines go off line and will have to redial to continue conversation
Lines are not very clean
Unable to get through on phone lines for periods of time (1/2 to 3 days)
Lines sometimes down
Difficult to get through on Fax and phone lines during peak business hours
Voice and Fax connections cannot always be accomplished. Telex is the fallback solution

Other Problems or Difficulties--10 Companies (14.9 percent)

Different accounting standards leading to misunderstanding what entries to book and when
Waiting to clarify NAFTA legislation
Because TelMex is not infrastructurally laid, communications problems have existed unnecessarily
Costly; very expensive
Lack of a contact; takes weeks to dissolve problems
Different customs and diverse expectations. Courses offered by company to relieve this problem
Inadequate equipment; unavailability of complete links to Mexico
Primarily lack of vendor accessibility ín Mexico
Delay in mails
People need to work long enough together to understand one another

Positive Comments--3 Companies (4.5 percent)

None experienced since purchase of microwaves
Don't have problems; have access to interpreters
People are very well trained

Transparency 13

Question: Please list the title of the person in your company who is responsible for the supervision of communication between the U.S. and Mexico. (If there is no one, please indicate this)

TITLE OF PERSON RESPONSIBLE
FOR COMMUNICATION BETWEEN U.S. AND MEXICO

Title Given	Number of Companies	Percentage of Total Companies
Manager/Director of Communications, Telecommunications, or Network Services	9	13.4 percent
Manager/Director of Information Services, Information Systems, or Data Processing	7	10.4 percent
President, CEO, or Vice President	8	11.9 percent
Title Including "International"	4	6.0 percent
Manager/Director of Human Resources or Personnel	2	3.0 percent
Title Including "Latin America" or "Mexico"	1	1.5 percent
Miscellaneous Title	5	7.5 percent
No Title Given	31	46.3 percent
Totals	67	100.0 percent

Transparency 14

Question: Does your company have communication standards?

COMMUNICATION STANDARDS

Response	Number of Companies	Percentage of Total Companies
Yes	18	26.9 percent
No	28	41.8 percent
Don't Know	18	26.9 percent
No Response	3	4.5 percent
Total	67	100.0 percent

If yes, please explain briefly what these standards address:

WHAT COMMUNICATION STANDARDS ADDRESS

What Standards Address	Number of Companies
Use of Hardware or Software	3
Type of Message	2
Type of Access	1
Time Spent on Message	1
Language Used	1
Miscellaneous	2